

HOUSE BILL No. 1669

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20-1.1; IC 20-20-37.

Synopsis: Geothermal conversion loans. Provides that for purposes of the referendum statutes and the petition and remonstrance statutes, a project for the installation of a geothermal heating and cooling system in a new school facility or the replacement of a conventional heating and cooling system in a school facility is not a "controlled project". (Under current law, only controlled projects are subject to the referendum statutes and the petition and remonstrance statutes.) Establishes the geothermal conversion revolving fund (fund) for the purpose of making loans to school corporations that: (1) install a geothermal heating and cooling system in a new facility; or (2) install a geothermal heating and cooling system that replaces a conventional heating and cooling system. Provides that the fund is administered by the department of education (department). Requires the department to establish a written procedure for providing loans from the fund to school corporations. Specifies that a loan from the fund may not exceed the difference between: (1) the cost of installing a geothermal heating and cooling system; and (2) the cost of installing a conventional heating and cooling system. Requires a school corporation to enter into a loan agreement with the department before receiving a loan from the fund. Requires the department to report annually to the budget committee concerning the projects funded with loans from the fund. Appropriates \$2,000,000 to the fund from the state general fund.

Effective: July 1, 2009.

Michael, Moses, Niezgodski

January 16, 2009, read first time and referred to Committee on Commerce, Energy, Technology and Utilities.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1669

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-20-1.1, AS AMENDED BY P.L.146-2008,
2 SECTION 188, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2009]: Sec. 1.1. As used in this chapter,
4 "controlled project" means any project financed by bonds or a lease,
5 except for the following:

6 (1) A project for which the political subdivision reasonably
7 expects to pay:

8 (A) debt service; or

9 (B) lease rentals;

10 from funds other than property taxes that are exempt from the
11 levy limitations of IC 6-1.1-18.5 or (before January 1, 2009)
12 IC 20-45-3. A project is not a controlled project even though the
13 political subdivision has pledged to levy property taxes to pay the
14 debt service or lease rentals if those other funds are insufficient.

15 (2) A project that will not cost the political subdivision more than
16 the lesser of the following:

17 (A) Two million dollars (\$2,000,000).

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(B) An amount equal to one percent (1%) of the total gross assessed value of property within the political subdivision on the last assessment date, if that amount is at least one million dollars (\$1,000,000).

(3) A project that is being refinanced for the purpose of providing gross or net present value savings to taxpayers.

(4) A project for which bonds were issued or leases were entered into before January 1, 1996, or where the state board of tax commissioners has approved the issuance of bonds or the execution of leases before January 1, 1996.

(5) A project that is required by a court order holding that a federal law mandates the project.

(6) A project that:

(A) is in response to:

- (i) a natural disaster;
- (ii) an accident; or
- (iii) an emergency;

in the political subdivision that makes a building or facility unavailable for its intended use; and

(B) is approved by the county council of each county in which the political subdivision is located.

(7) A project that was not a controlled project under this section as in effect on June 30, 2008, and for which:

(A) the bonds or lease for the project were issued or entered into before July 1, 2008; or

(B) the issuance of the bonds or the execution of the lease for the project was approved by the department of local government finance before July 1, 2008.

(8) A project for:

(A) the installation of a geothermal heating and cooling system (as defined in IC 20-20-37-1) in a new school facility; or

(B) the installation of a geothermal heating and cooling system that replaces a conventional heating and cooling system in a school facility.

SECTION 2. IC 20-20-37 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

Chapter 37. Geothermal Conversion Revolving Fund

Sec. 1. As used in this chapter, "geothermal heating and cooling system" means a heating and cooling system that uses the natural heat from the earth to generate heating and cooling.

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1 **Sec. 2.** As used in this chapter, "fund" refers to the geothermal
 2 conversion revolving fund established by section 3 of this chapter.

3 **Sec. 3.** The geothermal conversion revolving fund is established
 4 for the purpose of making loans to school corporations that:

5 (1) install a geothermal heating and cooling system in a new
 6 facility; or

7 (2) install a geothermal heating and cooling system that
 8 replaces a conventional heating and cooling system.

9 **Sec. 4.** (a) The fund shall be administered by the department.
 10 The expenses of administering the fund shall be paid from money
 11 in the fund.

12 (b) The fund consists of the following:

13 (1) Money appropriated by the general assembly.

14 (2) The repayment proceeds of loans made to school
 15 corporations from the fund.

16 (3) Any gifts and grants made to the fund or other money
 17 required by law to be deposited in the fund.

18 (c) The treasurer of state shall invest the money in the fund not
 19 currently needed to meet the obligations of the fund in the same
 20 manner as other public funds may be invested. Interest that
 21 accrues from these investments shall be deposited in the fund.

22 (d) The fund shall be used by the department as a revolving
 23 fund. Money in the fund at the end of a state fiscal year does not
 24 revert to the state general fund.

25 (e) Money in the fund is continuously appropriated for the
 26 purposes of this chapter.

27 **Sec. 5.** Subject to the requirements of this chapter, the
 28 department may loan money from the fund to a school corporation
 29 to assist the school corporation in paying for:

30 (1) the installation of a geothermal heating and cooling system
 31 in a new facility; or

32 (2) the installation of a geothermal heating and cooling system
 33 that replaces a conventional heating and cooling system.

34 **Sec. 6.** (a) The department shall establish a written procedure
 35 for providing loans from the fund to school corporations. The
 36 written procedure must include at least the following:

37 (1) An application procedure.

38 (2) A procedure to identify projects that may qualify for a
 39 loan.

40 (3) Criteria for establishing the priority of projects for which
 41 loans will be made.

42 (4) Procedures for selecting projects for which loans will be

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made.

(b) To apply for a loan from the fund, a school corporation must submit an application that contains at least the following information:

(1) A description of the geothermal heating and cooling system that the school corporation proposes to install.

(2) An estimate of the cost of the geothermal heating and cooling system.

(3) An estimate of the amount by which the cost of installing the geothermal heating and cooling system exceeds the cost of installing a conventional heating and cooling system.

(4) Any other information required by the department in accordance with the written procedures established under this section.

Sec. 7. The following apply to a loan from the fund to a school corporation under this chapter:

(1) The loan may not exceed the difference between:

(A) the cost of installing a geothermal heating and cooling system; minus

(B) the cost of installing a conventional heating and cooling system.

(2) The department shall determine the interest rate and other terms for the loan.

(3) A school corporation must enter into a loan agreement with the department before receiving a loan from the fund. The loan agreement is a valid, binding, and enforceable agreement between the school corporation and the department. The loan agreement must contain the following terms:

(A) A requirement that the loan proceeds be used to pay for:

(i) the installation of a geothermal heating and cooling system in a new facility; or

(ii) the installation of a geothermal heating and cooling system that replaces a conventional heating and cooling system.

(B) The term of the loan, which may not be longer than fifteen (15) years after the date of the loan.

(C) The repayment schedule.

(D) The interest rate of the loan.

(E) Any other terms and provisions that the department requires.

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1 **Sec. 8. A school corporation receiving a loan under this chapter**
2 **shall repay the loan from:**

3 **(1) the school corporation's general fund; or**

4 **(2) the school corporation's capital projects fund.**

5 **Sec. 9. The department shall annually present a report to the**
6 **budget committee that describes the projects funded with loans**
7 **under this chapter.**

8 **SECTION 3. [EFFECTIVE JULY 1, 2009] (a) There is**
9 **appropriated two million dollars (\$2,000,000) to the geothermal**
10 **conversion revolving fund (IC 20-20-37, as added by this act) from**
11 **the state general fund for the period beginning July 1, 2009, and**
12 **ending June 30, 2011. The money appropriated under this**
13 **SECTION shall be used by the department of education in**
14 **carrying out the purposes of the geothermal conversion revolving**
15 **fund.**

16 **(b) This SECTION expires June 30, 2011.**

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